

# *Township of Brockway*

**St. Clair County, Michigan**

Audited Financial Report  
March 31, 2008

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

**Township of Brockway**  
Annual Financial Report  
For The Fiscal Year Ended March 31, 2008

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**Township of Brockway**  
Annual Financial Report  
For The Fiscal Year Ended March 31, 2008

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Members of the Township Board  
**Township of Brockway**  
St. Clair County, Michigan

**Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Brockway, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Brockway, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Brockway, Michigan as of March 31, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Brockway, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2005.

*Lehn King*

Lehn L. King  
Certified Public Accountant

June 23, 2008

# Township of Brockway

## Brockway, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Brockway's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

#### Financial Highlights

The Township is in a good financial position with a General Fund Balance of \$502,626.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

#### The Township as a Whole

The Township of Brockway's fund balances are as follows:

	<u>March 31,</u> <u>2008</u>	<u>March 31,</u> <u>2006</u>
General Fund	\$ 502,626	\$ 439,436
Fire Department Fund	12,438	5,856
Park Fund	<u>26,626</u>	<u>21,916</u>
Total for Township	<u>\$ 541,690</u>	<u>\$ 467,208</u>

# Township of Brockway

## Brockway, Michigan

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### Governmental Activities

The Township of Brockway's Revenues and Expenditures can be summarized as follows:

	<b>General Fund</b>	<b>Fire Department Fund</b>	<b>Park Fund</b>	<b>Total Governmental Activities</b>
<b>Fund Balance - Beginning of Year</b>	\$ 439,436	\$ 5,856	\$ 21,916	\$ 445,292
<b>Revenue Collected</b>				
Intergovernmental Revenue	145,038	-	-	145,038
Property Taxes	309,622	-	-	309,622
Charges for Services	21,285	11,462	19,263	32,747
Transfers	-	-	2,000	-
Other	45,290	603	2,732	45,893
Total Revenue Collected	<u>521,235</u>	<u>12,065</u>	<u>23,995</u>	<u>533,300</u>
<b>Expenditures</b>				
General Government	111,739	-	-	111,739
Public Safety	82,951	5,483	19,285	88,434
Public Works	112,228	-	-	112,228
Recreation & Culture	13,494	-	-	13,494
Capital Outlay	117,647	-	-	117,647
Debt Service	130,661	-	-	130,661
Transfers	2,000	-	-	2,000
Total Expenditures	<u>570,720</u>	<u>5,483</u>	<u>19,285</u>	<u>576,203</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 389,951</u></u>	<u><u>\$ 12,438</u></u>	<u><u>\$ 26,626</u></u>	<u><u>\$ 402,389</u></u>

# Township of Brockway

## Brockway, Michigan

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### Economic Factors and Next Year's Budget and Rates

The Township of Brockway's 2008/2009 adopted budget is as follows:

	<u>General Fund</u>	<u>Fire Department Fund</u>	<u>Park Fund</u>
<b>Balance Carried Forward</b>	\$ 14,607	\$ -	\$ -
<b>Revenue</b>			
Intergovernmental Revenue	\$ 127,000	\$ -	\$ -
Property Taxes	320,200	-	-
Charges for Services	44,800	18,000	11,680
Other	13,100	500	3,500
Total Revenue Collected	<u>519,707</u>	<u>18,500</u>	<u>15,180</u>
<b>Expenditures</b>			
General Government	130,240	-	-
Public Safety	197,175	6,300	-
Public Works	134,550	-	-
Recreation & Culture	42,963	-	13,803
Capital Outlay	-	-	-
Debt Service	-	-	-
Transfers	-	-	-
Total Expenditures	<u>504,928</u>	<u>6,300</u>	<u>13,803</u>
<b>Net Over/Under Budget</b>	<u><u>\$ 29,387</u></u>	<u><u>\$ 12,200</u></u>	<u><u>\$ 1,378</u></u>

The Township of Brockway's General Fund budget for next year is approximately the same budget as a year ago.

### Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 7645 Sayles Rd, Yale, Michigan.

Carl Vermeesch  
Township of Brockway Supervisor

# Township of Brockway

## Statement of Net Assets (Deficit)

March 31, 2008

	<b>Primary Government Governmental Activities</b>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 231,431.47
Property Tax Receivable	34,897.30
Due From Other Funds	278,176.29
Capital Assets (Net of Accumulated Depreciation)	<u>1,824,145.86</u>
 Total Assets	 2,368,650.92
<b><u>Liabilities</u></b>	
Accrued Payroll Taxes	\$ 2,139.52
Due To Other Funds	675.92
Current Portion of Long-Term Debt	105,000.00
Noncurrent Liabilities:	
Long-Term Debt	<u>578,890.45</u>
 Total Liabilities	 <u>686,705.89</u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	1,140,255.41
Unrestricted	<u>541,689.62</u>
 Total Net Assets (Deficit)	 <u><u>\$ 1,681,945.03</u></u>

The notes are an integral part of the statements.



**Township of Brockway**  
Statement of Activities  
For the Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue &amp;</u>
		<u>Services</u>	<u>Grants &amp;</u>	<u>Grants &amp;</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Primary Government</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 116,355.34	\$ -	\$ -	\$ -	\$ (116,355.34)
Public Safety	161,278.62	32,746.88	-	112,675.00	(15,856.74)
Public Works	112,228.46	-	-	-	(112,228.46)
Recreation & Culture	50,637.32	19,263.00	-	-	(31,374.32)
Interest on Long-Term Debt	27,660.77	-	-	-	(27,660.77)
<u>Total Governmental Activities</u>	<u>\$ 468,160.51</u>	<u>\$ 52,009.88</u>	<u>\$ -</u>	<u>\$ 112,675.00</u>	<u>(303,475.63)</u>
<b>General Revenues:</b>					
Property Taxes					\$ 309,622.08
Intergovernmental Revenues					145,037.87
Interest					15,001.28
Other Revenues					33,623.55
Transfers					-
Total General Revenues, Special Items & Transfers					<u>503,284.78</u>
<b>Change in Net Assets</b>					199,809.15
<b>Net Assets (Deficit) - Beginning of Year</b>					<u>1,482,135.88</u>
<b>Net Assets (Deficit) - End of Year</b>					<u>\$ 1,681,945.03</u>

The notes are an integral part of the statements.

**Township of Brockway**  
Governmental Funds  
Balance Sheet  
March 31, 2008

	<b>General Fund</b>	<b>Fire Department Fund</b>	<b>Park Fund</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>				
Cash & Certificates of Deposit	\$ 192,367.48	\$ 12,438.17	\$ 26,625.82	\$ 231,431.47
Property Tax Receivable	34,897.30	-	-	34,897.30
Due From Other Funds	278,176.29	-	-	278,176.29
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Assets</u>	\$ 505,441.07	\$ 12,438.17	\$ 26,625.82	\$ 544,505.06
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Liabilities &amp; Fund Equity</u></b>				
<b><u>Liabilities</u></b>				
Accrued Payroll Taxes	\$ 2,139.52	\$ -	\$ -	\$ 2,139.52
Due To Other Funds	675.92	-	-	675.92
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Liabilities</u>	2,815.44	-	-	2,815.44
	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Fund Equity</u></b>				
Fund Balances				
- Unreserved & Undesignated	502,625.63	12,438.17	26,625.82	541,689.62
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Fund Balances</u>	502,625.63	12,438.17	26,625.82	541,689.62
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Liabilities &amp; Fund Equity</u>	\$ 505,441.07	\$ 12,438.17	\$ 26,625.82	\$ 544,505.06
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes are an integral part of the statements.

**Township of Brockway**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended March 31, 2008

<b>Total Fund Balances for Governmental Funds</b>	\$ 541,689.62
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Amounts reported for Governmental Activities in the Statement of  
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	1,824,145.86
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Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	<u>(683,890.45)</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 1,681,945.03</u></u>
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The notes are an integral part of the statements.

**Township of Brockway**  
Governmental Funds  
Statement of Revenues, Expenditures, And Changes  
in Fund Balances  
For The Year Ended March 31, 2008

	<b>General Fund</b>	<b>Fire Department Fund</b>	<b>Park Fund</b>	<b>Total Governmental Funds</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 309,622.08	\$ -	\$ -	\$ 309,622.08
Intergovernmental Revenues	145,037.87	-	-	145,037.87
Charges for Services	21,285.21	11,461.67	19,263.00	52,009.88
Grant Proceeds	112,675.00	-	-	112,675.00
Fire & Township Hall Rent	4,900.00	-	-	4,900.00
Interest Earnings	13,872.55	330.96	797.77	15,001.28
Other Revenues	26,517.22	272.33	1,934.00	28,723.55
<u>Total Revenues</u>	<u>633,909.93</u>	<u>12,064.96</u>	<u>21,994.77</u>	<u>667,969.66</u>
<b><u>Expenditures</u></b>				
General Government	111,738.52	-	-	111,738.52
Public Safety	82,951.46	5,483.07	-	88,434.53
Publics Works	112,228.46	-	-	112,228.46
Recreation & Culture	13,494.32	-	19,284.77	32,779.09
Capital Outlay	117,646.52	-	-	117,646.52
Debt Service - Principal	103,000.00	-	-	103,000.00
Debt Service - Interest	27,660.77	-	-	27,660.77
<u>Total Expenditures</u>	<u>568,720.05</u>	<u>5,483.07</u>	<u>19,284.77</u>	<u>593,487.89</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	65,189.88	6,581.89	2,710.00	74,481.77
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In (Out)	(2,000.00)	-	2,000.00	-
<b>Net Change in Fund Balances</b>	63,189.88	6,581.89	4,710.00	74,481.77
<b><u>Fund Balances - Beginning of Year</u></b>	<u>439,435.75</u>	<u>5,856.28</u>	<u>21,915.82</u>	<u>467,207.85</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ 502,625.63</u>	<u>\$ 12,438.17</u>	<u>\$ 26,625.82</u>	<u>\$ 541,689.62</u>

The notes are an integral part of the statements.

**Township of Brockway**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended March 31, 2008

**Net Change in Fund Balances - Total Governmental Funds** \$ 74,481.77

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;  
in the Statement of Activities, these costs are capitalized and  
allocated over their estimated useful lives as Depreciation 117,646.52

Repayment of Bond Principal is an Expenditure in the Governmental  
Funds, but not in the Statement of Activities (where it  
reduces Long-Term Debt) 103,000.00

Depreciation is an Expenditure for the Statement of  
Activities, but is not reported in the Governmental Funds (95,319.14)

**Net Assets of Governmental Activities** \$ 199,809.15

The notes are an integral part of the statements.

# Township of Brockway

## Statement of Net Assets (Deficit)

### Fiduciary Funds

March 31, 2008

	<b>Fiduciary Fund Types</b>		
	<b>Agency Funds</b>		
	<b>Trust &amp; Agency Fund</b>	<b>Current Tax Collection Fund</b>	<b>Totals March 31, 2008</b>
<b><u>Assets</u></b>			
Cash - Savings & Certificates	\$ 23,724.08	\$ 285,936.53	\$ 309,660.61
Due From Other Funds	675.92	-	675.92
<b><u>Total Assets</u></b>	<b>\$ 24,400.00</b>	<b>\$ 285,936.53</b>	<b>\$ 310,336.53</b>
<b><u>Liabilities &amp; Fund Balance</u></b>			
<b><u>Liabilities</u></b>			
Due To Other Funds	\$ -	\$ 278,176.29	\$ 278,176.29
Due To Others	24,400.00	7,760.24	32,160.24
<b><u>Total Liabilities</u></b>	<b>24,400.00</b>	<b>285,936.53</b>	<b>310,336.53</b>
<b><u>Fund Balances</u></b>			
Unreserved & Undesignated	-	-	-
<b><u>Total Fund Balances</u></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Total Liabilities &amp; Fund Balances</u></b>	<b>\$ 24,400.00</b>	<b>\$ 285,936.53</b>	<b>\$ 310,336.53</b>

The notes are an integral part of the statements.

**Township of Brockway**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

The accounting methods and procedures adopted by the Township of Brockway, St. Clair County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire Department Fund** – The fund accounts for the operation of the fire department. Funding is provided primarily through fire runs and donations.

**Park Fund** – The fund accounts for the various park activities. Funding is provided primarily through team registration fees and sponsor fees.

Additionally, the Township reports the following fund types:

**Trust & Agency Funds** - The Trust & Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments.

**Current Tax Collection Fund** – The fund accounts for the collection and disbursement of taxes.

**Township of Brockway**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due From Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years



**Township of Brockway**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Accounting Changes**

**GASB Statement No. 34** – Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**Township of Brockway**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.

During the year ended March 31, 2008, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<b>Total</b>	<b>Amount of</b>	<b>Budget</b>
<b><u>General Fund</u></b>	<b><u>Appropriations</u></b>	<b><u>Expenditures</u></b>	<b><u>Variance</u></b>
Elections	\$ 1,500	\$ 2,154	\$ 654
Fire Protection	46,950	54,059	7,109
Roads & Drains	111,500	112,228	728
Capital Outlay	4,000	117,647	113,647
<b><u>Park Fund</u></b>			
Recreation & Culture	14,309	19,285	4,976

**Township of Brockway**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**3. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts, CDs, and pooled money market accounts if the bank meets the criteria as a depository of public funds contained in state law, but not the remainder of State statutory authority as listed above. The Township's deposits are in accordance with statutory authority. All cash deposits and investments of the Township are held by the Township in the Township's name.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary - Trust &amp; Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 231,431	\$ 309,661	\$ 541,092

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 541,092

The bank balance of the primary government's deposits is \$541,092, of which \$133,994 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had approximately \$407,098 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

At year end, there were no investments reported in the basic financial statements.

**Township of Brockway**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**4. Property Taxes**

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by the following February 14.

The Township levied the following taxes:

General Government Services	. 8093	mills
Roads	1.7344	mills
Fire	1.8358	mills

**5. Capital Assets**

Capital Assets activity of the Township's governmental activities (and business-type) was as follows:

	Balance April 1, 2006	Additions	Disposals & Adjustments	Balance March 31, 2007
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated	\$ 7,200	\$ -	\$ -	\$ 7,200
Capital Assets Being Depreciated:				
Buildings & Improvements	\$ 1,811,858	\$ -	\$ -	\$ 1,811,858
Machinery & Equipment	767,888	117,647	-	885,535
Total Capital Assets being Depreciated	2,579,746	117,647	-	2,697,393
Accumulated Depreciation:				
Buildings & Improvements	198,068	39,809	-	237,877
Machinery & Equipment	594,260	5,510	-	599,770
Total Accumulated Depreciation	792,328	45,319	-	837,647
<b>Net Capital Assets</b>	<b>\$ 1,794,618</b>	<b>\$ 72,328</b>	<b>\$ -</b>	<b>\$ 1,866,946</b>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 4,617
Public Safety	72,844
Recreation & Culture	17,858
Total Governmental Activities	<u>\$ 95,319</u>

**6. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**7. Comparative Data**

Comparative total data for the prior year has not been presented.

**Township of Brockway**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**8. Long -Term Debt**

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2003 Fire Hall Project						
Amount of Issue - \$995,000		\$90,000 -				
Maturing through 2013	3.70%	\$120,000	\$ 740,000	\$ (95,000)	\$ 645,000	\$ 95,000
Township Park Improvements						
Amount of Issue - \$99,000		\$10,000	46,890	(8,000)	38,890	10,000
Maturing through 2012	4.50%					
<b>Total Governmental Activities</b>			<u>\$ 786,890</u>	<u>\$ (103,000)</u>	<u>\$ 683,890</u>	<u>\$ 105,000</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending March 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 105,000	\$ 23,467	\$ 128,467
2010	110,000	19,365	129,365
2011	123,890	15,079	138,969
2012	110,000	10,731	120,731
2013	115,000	6,568	121,568
2014	120,000	2,220	122,220
<b>Total</b>	<u>\$ 683,890</u>	<u>\$ 77,430</u>	<u>\$ 761,320</u>

**9. Post Employment Benefits**

The Township does not provide any post employment benefits other than the deferred compensation benefits.

**10. Deferred Compensation Plan**

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The assets of the plan were held in trust, as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Township's financial statements.

**11. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**Required Supplemental Information**

**Township of Brockway**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended March 31, 2008

	General Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b><u>Revenues</u></b>				
Property Taxes	\$ 285,000.00	\$ 285,000.00	\$ 309,622.08	\$ 24,622.08
State Shared Revenues	131,000.00	131,000.00	137,122.47	6,122.47
County Park Millage	7,600.00	7,600.00	7,915.40	315.40
Charges for Services	34,600.00	34,600.00	21,285.21	(13,314.79)
Grant Proceeds	-	-	112,675.00	112,675.00
Fire & Township Hall Rent	12,250.00	12,250.00	4,900.00	(7,350.00)
Interest Earnings	11,000.00	11,000.00	13,872.55	2,872.55
Other Revenues	1,750.00	1,750.00	26,517.22	24,767.22
<b><u>Total Revenues</u></b>	<b><u>483,200.00</u></b>	<b><u>483,200.00</u></b>	<b><u>633,909.93</u></b>	<b><u>150,709.93</u></b>
<b><u>Expenditures</u></b>				
<b>General Government</b>				
Township Board	41,450.00	41,450.00	32,888.91	8,561.09
Supervisor	10,500.00	10,500.00	10,500.00	-
Elections	1,500.00	1,500.00	2,153.91	(653.91)
Assessor	14,500.00	14,500.00	13,250.56	1,249.44
Clerk	17,200.00	17,200.00	17,072.87	127.13
Board of Review	1,300.00	1,300.00	1,000.00	300.00
Treasurer	13,750.00	13,750.00	13,197.07	552.93
Township Hall Expense	20,000.00	20,000.00	19,730.20	269.80
Cemetery Expense	2,000.00	2,000.00	1,945.00	55.00
<b><u>Total General Government</u></b>	<b><u>122,200.00</u></b>	<b><u>122,200.00</u></b>	<b><u>111,738.52</u></b>	<b><u>10,461.48</u></b>
<b>Public Safety</b>				
Fire Protection	46,950.00	46,950.00	54,058.91	(7,108.91)
Protective Inspection	24,400.00	24,400.00	9,725.85	14,674.15
Planning	20,600.00	20,600.00	18,581.70	2,018.30
Board of Appeals	1,200.00	1,200.00	585.00	615.00
<b><u>Total Public Safety</u></b>	<b><u>93,150.00</u></b>	<b><u>93,150.00</u></b>	<b><u>82,951.46</u></b>	<b><u>10,198.54</u></b>
<b>Public Works - Roads &amp; Drains</b>	<b>111,500.00</b>	<b>111,500.00</b>	<b>112,228.46</b>	<b>(728.46)</b>
<b>Recreation &amp; Culture</b>	<b>16,500.00</b>	<b>16,500.00</b>	<b>13,494.32</b>	<b>3,005.68</b>
<b>Capital Outlay</b>	<b>4,000.00</b>	<b>4,000.00</b>	<b>117,646.52</b>	<b>(113,646.52)</b>
<b>Debt Service - Principal</b>	<b>103,000.00</b>	<b>103,000.00</b>	<b>103,000.00</b>	<b>-</b>
<b>Debt Service - Interest</b>	<b>28,000.00</b>	<b>28,000.00</b>	<b>27,660.77</b>	<b>339.23</b>
<b><u>Total Expenditures</u></b>	<b><u>478,350.00</u></b>	<b><u>478,350.00</u></b>	<b><u>568,720.05</u></b>	<b><u>(90,370.05)</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>4,850.00</b>	<b>4,850.00</b>	<b>65,189.88</b>	<b>60,339.88</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In (Out)	(2,000.00)	(2,000.00)	(2,000.00)	-
<b>Excess of Revenues &amp; Operating Transfers In Over (Under) Expenditures &amp; Operating Transfers Out</b>	<b>2,850.00</b>	<b>2,850.00</b>	<b>63,189.88</b>	<b>60,339.88</b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>439,435.75</u></b>	<b><u>439,435.75</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ 2,850.00</u></b>	<b><u>\$ 2,850.00</u></b>	<b><u>\$ 502,625.63</u></b>	<b><u>\$ 499,775.63</u></b>

**Township of Brockway**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Fire Department Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Charges for Service	\$ 18,000.00	\$ 18,000.00	\$ 11,461.67	\$ (6,538.33)
Interest Earnings	-	-	330.96	330.96
Other Revenues	-	-	272.33	272.33
<b><u>Total Revenues</u></b>	<b><u>18,000.00</u></b>	<b><u>18,000.00</u></b>	<b><u>12,064.96</u></b>	<b><u>(5,935.04)</u></b>
<b><u>Expenditures</u></b>				
Public Safety	18,000.00	18,000.00	5,483.07	12,516.93
<b><u>Total Expenditures</u></b>	<b><u>18,000.00</u></b>	<b><u>18,000.00</u></b>	<b><u>5,483.07</u></b>	<b><u>12,516.93</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,581.89</u></b>	<b><u>6,581.89</u></b>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,581.89</u></b>	<b><u>6,581.89</u></b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,856.28</u></b>	<b><u>5,856.28</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,438.17</u></b>	<b><u>\$ 12,438.17</u></b>



**Township of Brockway**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Park Fund  
For The Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Registration & Sponsor Fees	\$ 13,108.00	\$ 13,108.00	\$ 19,263.00	\$ 6,155.00
Contributions & Donations	1,500.00	1,500.00	1,934.00	434.00
Interest Earnings	-	-	797.77	797.77
<b><u>Total Revenues</u></b>	<u>14,608.00</u>	<u>14,608.00</u>	<u>21,994.77</u>	<u>7,386.77</u>
<b><u>Expenditures</u></b>				
Recreation & Culture	<u>14,308.85</u>	<u>14,309.00</u>	<u>19,284.77</u>	<u>(4,975.77)</u>
<b><u>Total Expenditures</u></b>	<u>14,308.85</u>	<u>14,309.00</u>	<u>19,284.77</u>	<u>(4,975.77)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	299.15	299.00	2,710.00	2,411.00
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	<u>2,000.00</u>	<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	2,299.15	2,299.00	4,710.00	2,411.00
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>21,915.82</u>	<u>21,915.82</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ 2,299.15</u>	<u>\$ 2,299.00</u>	<u>\$ 26,625.82</u>	<u>\$ 24,326.82</u>

### **Other Supplemental Information**

**LEHN L. KING**  
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

June 23, 2008

**Brockway Township**  
St. Clair County, Michigan

To Members of the Board:

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Brockway for the year ended March 31, 2008, and have issued my report thereon dated June 23, 2008. Professional standards require that I provide you with the following information related to my audit.

**My Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in my engagement letter dated September 21, 2007, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

**Planned Scope and Timing of the Audit**

I performed the audit according to the planned scope and timing previously communicated to you.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Brockway are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending March 31, 2008. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

#### **Audit Adjustments (Corrected and Uncorrected Misstatements)**

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated June 23, 2008.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

### ***Communication of Significant Deficiencies and Material Weaknesses***

In planning and performing my audit of the financial statements, as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, I considered the Township of Brockway's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies and other deficiencies that I consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I considered the following deficiencies to be significant deficiencies in internal control:

**Preparation of Financial Statements** - Management prepares internal financial information to assess operations and the financial position of the Township of Brockway on an ongoing basis. Although the internal financial information is sufficient to operate the Township, it is not presented in accordance with generally accepted accounting principles. The Township contracts with me, the auditor, to draft the financial statements, including all necessary notes, in accordance with generally accepted accounting principles, since it does not retain staffing that currently have the expertise. I believe this meets the definition of a material weakness under *Statement on Auditing Standards 112*.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The AICPA Auditing Standards Board issued Statements on Audit Standards (SAS) 112 which establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting and is effective for periods ending after December 15, 2006. According to SAS 112, it is considered to be a control deficiency if a client I am auditing has ineffective controls over the preparation of their financial statements such that client controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of the financial statements, including the related footnotes.

**Accrual Adjustments** – During the audit, I generally provide significant assistance in identifying and posting accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records. I bring this to your attention since it meets the above definition on a matter to be communicated.

**Segregation of Duties** - The relative size of the Township of Brockway limits the extent to which the officials can segregate duties and responsibilities which impairs the basic premise that no one individual should have access to both the physical assets and the related accounting records (or all recording tasks of a transaction from inception to completion).

The Township has implemented mitigating controls to strengthen internal controls and the segregation of duties; however, it must be recognized that the risk of intentional or unintentional errors could be made and not detected in a timely manner.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Brockway Township's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe the significant deficiencies described above to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Brockway Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

During the course of my examination, certain items came to my attention on which I would like to comment and offer my recommendations.

- 1.) Per P.A. 621 of 1968, the board does not have authorization to spend monies that exceed the budget. The budget must be amended prior to it being exceeded. Amendments to the budget must be detailed as to the increase and decrease amount of each line item being changed.
- 2.) There needs to be more controls in place when money is collected at the various fundraisers for the Park Fund. The money collected at the fundraiser needs to be counted by two unrelated people, totaled, and signed immediately following the collection of the funds. This slip needs to be turned into the Treasurer along with the funds to be matched up with the deposit.
- 3.) The Park Director needs to issue receipts for all park fees collected. The receipts should be pre-numbered, and have three parts. One part should be turned in with the money received, another is to stay intact with the receipt book, and the other should be given to the customer if they want it.
- 4.) The procedures for the fire runs need to be adjusted to better safeguard the assets of the Township. The fire secretary needs to send out the bills in a timely manner. Once the bill has been sent out, a copy of the bill should be given to the Clerk and Treasurer. The Clerk should maintain a list of all outstanding fire run receivables and the Treasurer should receipt and deposit all payments for the fire runs. When payment has been received by the Treasurer, the Clerk should be notified so that receivable can be eliminated from the list of open receivables.

- 5.) A general law Township must conduct a public hearing on a proposed final budget with a notice published at least six days prior to the hearing in a newspaper of general circulation within the Township (MCL 141.412). The notice must include the hearing time and place and state where a copy of the budget is available for public inspection. It also must include in eleven-point bold-faced type, **“The property tax millage rate proposed to be levied to support the proposed budget will be a subject of this hearing.”** No final budget can be adopted by a Township Board until a public hearing has been conducted.

This report is intended solely for the information and use of management, the Board of the Township of Brockway, and Federal and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant

# Township of Brockway

## Other Supplemental Information Schedule of Indebtedness March 31, 2008

### 2003 Township Fire Hall Bonds - Bank of New York

Dated: January 13, 2003  
Original Issue \$995,000

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Annual Interest Payable
		2008	2007	
3.70%	04/01/07	\$ -	\$ 95,000	\$ -
3.70%	10/01/07	-	-	-
3.70%	04/01/08	95,000	95,000	11,933
3.70%	10/01/08	-	-	10,175
3.70%	04/01/09	100,000	100,000	10,175
3.70%	10/01/09	-	-	8,325
3.70%	04/01/10	105,000	105,000	8,325
3.70%	10/01/10	-	-	6,383
3.70%	04/01/11	110,000	110,000	6,383
3.70%	10/01/11	-	-	4,348
3.70%	04/01/12	115,000	115,000	4,348
3.70%	10/01/12	-	-	2,220
3.70%	04/01/13	120,000	120,000	2,220
<u>Total Bonds Payable</u>		<u>\$ 645,000</u>	<u>\$ 740,000</u>	<u>\$ 74,835</u>

### Commercial Loan for Township Park Equipment & Improvements

Dated: January 4, 2004  
Original Issue \$99,000

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Annual Interest Payable
		2008	2007	
4.50%	07/01/07	\$ -	8,000	1,049
4.50%	01/01/08	-	-	989
4.50%	07/01/08	10,000	10,000	741
4.50%	01/01/09	-	-	618
4.50%	07/01/09	10,000	10,000	494
4.50%	01/01/10	-	-	371
4.50%	07/01/10	10,000	10,000	247
4.50%	01/01/11	8,890	8,890	124
<u>Total Loan Payable</u>		<u>\$ 38,890</u>	<u>\$ 46,890</u>	<u>\$ 4,633</u>
<u>Total Bonds &amp; Loans Payable</u>		<u>\$ 683,890</u>	<u>\$ 786,890</u>	<u>\$ 79,468</u>